

The Michigan Update

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Haveman Steps Down

On August 28, 2014, Governor Rick Snyder [announced](#) that Michigan Department of Community Health (DCH) Director James Haveman has resigned effective September 12th, to focus on his health. While Mr. Haveman had intended to stay into 2015, he decided to step down after recently experiencing a mild stroke. Mr. Haveman was appointed to the DCH position in 2012, a position he also held from 1996 to 2003; he served previously as the Department of Mental Health director from 1991 to 1996. Governor Snyder has named DCH Deputy Director Nick Lyon as the next department director.

For more information, contact [Eileen Ellis](#), Managing Principal, at (517) 482-9236.

Medicaid Managed Care Enrollment Activity

As of August 1, 2014, there were **1,479,675 Medicaid beneficiaries, including Healthy Michigan Plan (HMP) beneficiaries, enrolled** in 13 Medicaid Health Plans (HMOs); this is a **net decrease of 69,089** since July. The enrollment total reflects an increase of 81,523 new HMP enrollees since July but a decrease of 150,612 non-HMP Medicaid enrollees. The Michigan Department of Community Health (DCH) stated that the significant decrease in non-HMP enrollees was, in part, because the federal government permitted the state to delay processing Medicaid redeterminations (and case closures) for the first four months of the calendar year. Whether there were other issues impacting this enrollment decline was still being investigated by DCH at press time.

As the enrollment reports ([pdf](#)) ([xls](#)) reflect, every county in

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the state is served by at least one Medicaid Health Plan. Auto-assignment of beneficiaries into the HMOs is now in place in every county of the state, and there are at least two HMOs serving every county in the Lower Peninsula. Beneficiaries in all 15 counties in the Upper Peninsula are auto-assigned, through federal "Rural Exception" authority, to the one HMO serving the counties, Upper Peninsula Health Plan.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

Healthy Michigan Plan

Enrollment in the Healthy Michigan Plan (HMP) continues to grow. The Michigan Department of Community Health (DCH) reports that between April 1 and August 25, 2014, a total of **373,171** individuals were approved for HMP coverage.

The DCH updates HMP enrollment statistics on its [website](#) weekly and includes a breakdown of enrollment by county. Not surprisingly, more than half of the newly approved HMP beneficiaries reside in the state's five largest counties:

August 25, 2014 Healthy Michigan Plan Enrollment	
Wayne	103,439
Macomb	27,651
Oakland	27,107
Genesee	24,690
Kent	18,183
Five-County Total	201,070
Statewide Total	373,171

The DCH [website](#) also includes information for HMP applicants and enrollees, providers and health plans. Program policy and publications are available along with information and the form used for Health Risk Assessment. A set of Frequently Asked Questions is provided and the HMP waiver protocols are also available on the site.

With few exceptions, new HMP beneficiaries are required to enroll in the Medicaid Health Plans (HMOs) to receive their health care benefits. As of August 1, 2014, there were a total of 251,822 HMP beneficiaries enrolled in the HMOs. HMP enrollment totals by health plan are expected to increase again in September as individuals continue to

choose an HMO or are assigned to an HMO if they do not make a choice of plans.

August 2014 Healthy Michigan Plan Enrollment			
Medicaid Health Plan	Voluntary Enrollees	Auto-Assigned Enrollees	Total Enrollees
Blue Cross Complete of MI	18,957	2,245	21,202
CoventryCares of MI	2,199	3,347	5,546
HAP Midwest Health Plan	8,712	5,590	14,302
Harbor Health Plan, Inc.	849	1,581	2,430
HealthPlus Partners	14,121	2,238	16,359
McLaren Health Plan	25,174	6,371	31,545
Meridian Health Plan of MI	42,178	20,185	62,363
Molina Healthcare of MI	1,190	7,537	28,727
PHP Mid-MI Family Care	1,537	780	2,317
Priority Health Choice, Inc.	14,964	2,706	17,670
Total Health Care	5,853	3,618	9,471
UnitedHealthcare Comm. Plan	23,114	8,514	31,628
Upper Peninsula Health Plan	8,258	4	8,262
Total	187,106	64,716	251,822

DCH recently advised that implementation of Presumptive Eligibility (PE) for HMP coverage by hospitals is being delayed until early 2015. Department staff noted that systems modifications are needed to enable eligibility end dates for such coverage to be other than the last day of a month, which has historically been the policy for non-HMP Medicaid. The Centers for Medicare and Medicaid Services (CMS) will not approve a PE policy for the HMP in Michigan until these changes are made. Potential HMP enrollees are able to use [other mechanisms to apply for coverage](#) until the PE policy is implemented.

For more information, contact [Eileen Ellis](#), Managing Principal, at (517) 482-9236.

Duals in Medicaid HMOs

The number of Medicaid beneficiaries dually eligible for Medicare (duals) enrolled in Medicaid HMOs to receive their

Medicaid benefits continues to grow - there were **52,430 duals enrolled** in Medicaid HMOs in August, an increase of 995 since July. All Medicaid HMOs have duals enrolled, although the numbers vary dramatically across plans.

A Medicaid HMO member who gains Medicare coverage and remains in the HMO is categorized as auto-assigned or voluntarily enrolled based on the means through which the member was *initially* enrolled in the HMO. Duals enrolled in a Medicare Advantage Special Needs Plan (SNP, or D-SNP) for their Medicare benefits but receiving Medicaid on a fee-for-service basis are auto-assigned to the related Medicaid HMO if applicable. Any dual is able to "opt out" of the HMO and receive Medicaid benefits on a fee-for-service basis.

Molina Healthcare of Michigan has the most duals receiving Medicaid services from an HMO, 24.7 percent of the total; UnitedHealthcare Community Plan has 21.8 percent of the total; Meridian Health Plan of Michigan has 17.9 percent of the total (but the most voluntary enrollees); and the other 10 plans share the remaining 35.6 percent.

Eight of the 13 Medicaid HMOs in Michigan (or their parent organizations) are also federally contracted as Medicare Advantage Special Needs Plans for Duals (D-SNPs) to provide *Medicare* benefits for duals in Michigan: HAP Midwest Health Plan, HealthPlus Partners, McLaren Health Plan, Meridian Health Plan of Michigan, Molina Healthcare of Michigan, Total Health Care, UnitedHealthcare Community Plan and Upper Peninsula Health Plan. As of August 1, 2014 these eight D-SNPs have a combined enrollment of 22,003 duals for whom they provide Medicare services; 50 percent of the duals that are enrolled in a D-SNP are enrolled in the Molina plan, 29.5 percent are enrolled in the UnitedHealthcare plan and the remaining 20.5 percent are spread across the other six plans. Not all of the duals enrolled in these D-SNPs are eligible to receive full Medicaid benefits. Some only receive assistance from the Medicaid program with Medicare coinsurance and deductible payments and/or monthly Medicare premiums.

There is one additional D-SNP in Michigan, Fidelis SecureCare of Michigan, Inc., which does not hold a Medicaid contract but has been approved by the state as a potential Integrated Care Organization (ICO) in the state's duals demonstration. As of August 1, 2014, Fidelis has 908 enrollees in its D-SNP. It is also an approved Medicare Advantage Institutional SNP (I-SNP) with 262 enrollees.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

CSHCS Children in Medicaid HMOs

The Michigan Department of Community Health (DCH) changed its policy in 2012 to require children (and a few adults) receiving services from both the Children's Special Health Care Services (CSHCS) program and the Medicaid program to enroll in Medicaid HMOs. The enrollment process was phased in through February 2013. As of August 1, 2014, there were **17,959 joint CSHCS/Medicaid beneficiaries enrolled in the Medicaid HMOs** - a decrease of 678 since July. All Medicaid HMOs except Harbor Health Plan, Inc. have CSHCS/Medicaid enrollees, although the numbers vary across plans.

Meridian Health Plan of Michigan, which has the largest Medicaid enrollment of any Medicaid HMO, also has the most CSHCS/Medicaid enrollees receiving their services from an HMO, 25.5 percent of the total. Molina Healthcare of Michigan has 17.3 percent of the total; UnitedHealthcare Community Plan has 16.7 percent; and the other nine plans share the remaining 40.5 percent.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

MIChild

According to MAXIMUS, the Michigan Department of Community Health (DCH) contractor for MIChild enrollment, there were 36,095 children enrolled in the MIChild program as of August 1, 2014. This reflects an increase of 2,058 from the 34,037 children enrolled as of July 1, 2014. Of the total number of children enrolled, 690 August enrollees are dually eligible for Children's Special Health Care Services (CSHCS) and MIChild.

As the enrollment reports ([pdf](#)) ([xls](#)) for August show, enrollment is dispersed between 13 plans. A little more than seven percent of the children were still enrolled with BCBSM as of August 1, 2014. The BCBSM market share has gradually dropped from about 75 percent last fall when the insurer advised that it wished to terminate its MIChild contract. Children residing in counties where there are at least two health plans available are given the choice to enroll with one of those plans. Children in counties where BCBSM has been the only available health plan choice will remain enrolled with that plan until other plans expand their service areas to these counties. There are now only eight counties where BCBSM is the only available plan.

MiChild-enrolled children receive their dental care through contracted dental plans. Of the two available plans, 90.9 percent of the children were enrolled with Delta Dental Plan as of August 1, 2014, which has a statewide service area. The remaining 9.1 percent of children were enrolled with Golden Dental Plan in a service area that includes eight counties. BCBSM was a statewide dental health plan as well through September 2013 but terminated in full its participation in the MiChild dental program.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

HICA Ruling

In early August, the U.S. Court of Appeals for the Sixth Circuit issued a [ruling](#) that upheld application of the state's Health Insurance Claims Assessment (HICA) to self-insured health plans. The Self-Insurance Institute of America (SIIA) sued the state in 2011, claiming the HICA could not be collected from such plans because the Employee Retirement and Income Security Act (ERISA) pre-empts the requirement. A Federal District Judge had dismissed the SIIA's claim in 2012, but the organization appealed that decision. Whether the SIIA will ask for a re-hearing is unknown at this time.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

Health Centers Receive Recognition and Awards

On August 14, 2014, Governor Rick Snyder and the Michigan Department of Community Health joined the Michigan Primary Care Association in proclaiming the week of August 10 to 16, 2014 as Health Center Week in Michigan to raise awareness and recognize the important role health centers play in providing health care to Michigan residents.

On August 26, 2014, U.S. Department of Health and Human Services Secretary Sylvia Burwell [announced](#) the award of \$35.7 million in Affordable Care Act funding to 147 health centers in 44 states, the District of Columbia and Puerto Rico to support patient-centered medical homes through new construction and facility renovations. Seven of the health centers are in Michigan: Baldwin Family Health Care, Community Health and Social Services Center (CHASS) in

Detroit, Health Delivery in Saginaw, Ingham County Health Department in Lansing, Intercare Community Health Network in Bangor, Mid-Michigan Health Services in Houghton Lake, and the Wellness Plan in Detroit. A link to the complete list of awardees, and the amount of each center's award, is available in the announcement.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

MI Partners for Success

On August 19, 2014, Governor Rick Snyder [announced](#) a new state program called Michigan Partners for Success, focused on high-risk mothers and their babies. The program will team state government with service providers and investors from philanthropic and private entities to fund new approaches to improving health and early childhood development. A [Request for Proposals](#) was released the same day; a pre-proposal meeting is scheduled for September 4, 2014 and proposals are due to the state on October 9, 2014. April 1, 2015 is the anticipated program implementation date.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

DCH Releases RFP for Health Innovation Grants

On August 22, 2014, the Michigan Department of Community Health (DCH) released a Request for Proposals (RFP) for organizations interested in applying for health Innovation Grant funds for one-time projects up to \$35,000 that demonstrate an innovative approach to improving the delivery of Michigan's health services. The department plans to award funding for 40 to 50 projects. Questions are due to DCH September 5, 2014, and applications are due September 22, 2014. Additional information about this grant opportunity as well as a listing of last year's awards is available in the [DCH press release](#).

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

Arwood Leaving LARA for MEDC

Governor Rick Snyder announced on August 4, 2014 that effective immediately Department of Licensing and

Regulatory Affairs (LARA) Director Steve Arwood was moving to a new post as Chief Operating Officer for the Michigan Economic Development Corporation (MEDC). At MEDC, Mr. Arwood will focus on maximizing improvements and efficiencies to economic development programs, to help businesses grow their operations. LARA Chief Deputy Director Mike Zimmer will serve as acting director of that agency.

For more information, contact [Esther Reagan](#), Senior Consultant, at (517) 482-9236.

Medicaid Policies

The Michigan Department of Community Health (DCH) has issued seven final and three proposed policies that merit mention. The policies are available for review on DCH's [website](#).

- **MSA 14-29** advises **Hospitals** that, as required by Public Act 34 of 2014 (the DCH appropriation measure for the fiscal year beginning October 1, 2014) and contingent upon State Plan approval from the Centers for Medicare and Medicaid Services (CMS), DCH will establish a **one-year Disproportionate Share Hospital (DSH) pool** totaling **\$9,994,952**. The pool **will be distributed to Harper University Hospital** to reduce uncompensated care incurred delivering newborns at that location.
- **MSA 14-31** provides additional information to **Home Help Providers and MI Choice Waiver Agencies** about Medicaid provider screening and enrollment requirements, including **criminal history screening**.
- **MSA 14-32** provides information for **Practitioners, Outpatient Hospitals, Clinics, and Medicaid Health Plans** about a **rate increase for obstetrical services** for dates of service on and after October 1, 2014, as required in the DCH budget appropriation for fiscal year 2014-2015.
- **MSA 14-33** notifies **Dentists and Dental Clinics** that the **Healthy Kids Dental** program is being **expanded into Kalamazoo and Macomb Counties**, as required in the DCH budget appropriation for fiscal year 2014-2015.
- **MSA 14-34** provides information for **Hospitals and Medicaid Health Plans** about **inpatient hospital claim requirements for newborns**.
- **MSA 14-37** notifies **All Providers of Quarterly Updates to the Medicaid Provider Manual**,

provides an **ICD-10 Project Update** and information about **new and discontinued codes**, addresses **nursery-related revenue codes**, discusses **preadmission diagnostic services**, and provides an update to the **MIChild Eligibility Manual**.

- **MSA 14-38** notifies holders of the **Bridges Eligibility Manual** of a change in policy terms related to **institutional status for incarcerated juveniles**.
- A proposed policy (**1428-Home Help**) has been issued that would ensure appropriate use of agency **providers of Home Help services** by limiting agencies to hiring employees rather than using contract workers, and limiting family member caregivers to working as individual providers rather than as agency employees. Comments are due to DCH by August 31, 2014.
- A proposed policy (**1437-Screening**) has been issued that would **establish permissive excludable convictions for criminal history screenings** for persons providing in-home Medicaid personal care services through the Home Help program. Comments are due to DCH by August 31, 2014.
- A proposed policy (**1435-Dental**) has been issued that would incorporate into policy a **dental-specific periodicity schedule for children up to 21 years of age** under the state's Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program requirements. Comments are due to DCH by September 25, 2014.

DCH has also released three L-letters of potential interest, which are available for review on the same web site.

- **L 14-34** was released on August 6, 2014 to clarify policy related to the **primary care provider incentive program** implemented January 1, 2013 as it relates to the **ability of provider employers or provider organization group entities to retain any of this incentive revenue**.
- **L 14-42** was released August 24, 2015 to indicate that DCH plans to submit an **amendment to its MI Choice waiver** to allow an **increase in enrollment** for the MI Choice home and community-based services (HCBS) waiver. The letter also indicates that DCH will submit a HCBS transition plan to describe how the department will meet federal requirements for providing services in the most integrated

settings. Both documents are available on the DCH [website](#).

- **L 14-43** was released August 22, 2014 to indicate that DCH plans to submit an **amendment to its Habilitation Supports Waiver (HSW)** to allow **Healthy Michigan Plan** beneficiaries to receive **behavioral health and substance use disorder services** through the HSW. The letter also indicates that DCH will submit a transition plan to describe how the department will meet federal requirements for providing services in the most integrated settings. Both documents are available on the DCH [website](#).

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